



**AN ASSESSMENT OF PROFESSIONAL EMPLOYEES TURNOVER AND  
EMPLOYEE RETENTION PRACTICES: THE CASE OF ETHIOPIAN  
REVENUES AND CUSTOMS AUTHORITY, EASTERN ADDIS ABABA  
BRANCH OFFICE**

**BY**

**BEWKETU KEBEDE**

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## **LIST OF ACRONYMS**

ERCA -	Ethiopian Revenues and Customs Authority
EABO-	Eastern Addis Ababa Branch Offices
BPR-	Business Process Reengineering
HR-	Human Resource
CIPD -	Chartered Institute of Personnel & Development
SI-	Stability Index



## **Abstract**

*The study assessed professional employees' turnover and retention practices in Ethiopian Revenues and Customs Authority, Eastern Addis Ababa Branch Office. Employees are main sources for organizations in meeting objectives in both public and private sector organizations. Therefore, giving emphasis for employees becomes a big issue for any organization. Professional employees' turnover in public sector organizations like Ethiopian Revenues and Customs Authority, Eastern Addis Ababa Branch Office is more common. This study was therefore conducted to assess how serious the problem is. Both quantitative and qualitative methods were used to gather information through the utilization of a questionnaire and interviews. In order to collect primary data, a questionnaire is designed and administered to both current and ex-employees of the organization. In addition, interview was conducted with the management of the organization and the HR department personnel. The MS-Excel spread sheets was used to process the primary data collected through questionnaire. The respondents were drawn from the existing and ex-employees of the organization. One hundred ninety six (162) and twenty one (21) questionnaires were issued to the current employees and ex- employees out of which sixty two (62) and fifteen (15) were properly completed and returned, documents that were received from the HR department were helpful in determining the turnover trend. This research investigated the reasons why professional employees leave the organization and the reasons why they do not stay in the organization. Hence, the study revealed that the employees leave organization due to lack of potential opportunity for advancements or promotions poor employee employer relationship was not good, the organization has no formal employees' representative, the employees has no sense of belongingness to their organization, insignificant terminal benefits and pension schemes provided to employees, less flexibility in working condition to retain employees were among the points revolved by the employees. All these factors influence most ex-employees to leave and increased the intention of existing employees to leave the organization as well. It is, therefore, recommended that the organization should improve its compensation policy, develop clear retention scheme policy, encourage employee involvement to implement zero-discrimination and create conducive working environment to retain its experienced and qualified employees.*

*Key words: Professional, Employees, Turnover, Retention, Ethiopian Revenues and Costumes Authority Eastern Addis Ababa Branch office.*



# **CHAPTER ONE**

## **INTRODUCTION**

### **1.9. Background of the Study**

Professional employees' turnover is an important and pervasive feature of the labor market. We are living in the world of stiff business competitions and business process outsourcing is on the peak and demands effective performance. In line with this, turnover is becoming a critical human resource issue in all sectors of the economy because it affects productivity, product and service quality, and profitability. In addition to this, the cost of replacing workers is high, finding skilled employees can be difficult, and investments in training are less secure. Therefore, at this time, in a competitive environment, turnover is not just a human resources issue because it has its own impacts on the company positively and negatively (Wood, 2007).

Companies and organizations strive to develop a workforce of committed employees based on the belief that organizations with committed employees achieve superior long-term performance (Luchak & Gellatly, 2007). Committed employees are characterized as loyal, productive members of work organizations (Porter, Steers, Mowday and Boulien, 1974) who identify with organizational goals and values (Buchanan, 1974). Employees attach to their organizations emotionally as they become to believe in its value and vision (Mulki, Jaramillo and Locander, 2006). The notion of commitment has been broken down into three levels: affective, continuance, and normative. Ideally for organizations, employees will have affective level of commitment. Affective commitment refers to the employees' emotional attachment to, identification with, and involvement in the organization.

Employees with a strong affective commitment continue employment with organization because they want to do so. Continuance commitment refers to awareness of the costs associated with leaving the organization. Employees that exhibit continuance commitment remain with organization because they need to do so. Finally, normative commitment refers to employees that feel they ought to remain with the organization (Meyer and Allen, 1991).

A wide array of desirable outcomes has been linked to work-related commitment including employee retention, job performance, attendance work quality, and personal sacrifice on behalf of the organization (London, 1983). Steers (1983b) reported substantial negative relationship between organizational commitment and intent to turnover.

There are two types of turnover: voluntary and involuntary turnover. When the organization initiates the turnover, the result is involuntary turnover. As examples we can mention terminating an employee for disciplinary case and laying off employees. When the employees initiate the turnover, it is voluntary turnover. Employees may leave for retirement or to take a job with a different organization. Noe and Gerher (2003) stated that Organizations try to avoid the need for involuntary turnover and to minimize voluntary turnover, especially those efficient and good performers.

Therefore, the present study is done on ERCA of EABO (Ethiopian Revenues and Customs Authority Eastern Addis Ababa Branch Office) because of employees turnover is a big issue in the organization. Currently, most young employees are leaving the organization due to unknown reasons. Hence, this study clearly identified the causes of employees' turnover and its management or retention mechanism will help in developing appropriate policy and training program for the organization of ERCA of EABO.

#### **1.10. Organization Background**

The Ethiopian Revenues and Customs Authority (ERCA) is the body responsible for collecting revenue from Customs duties and Domestic taxes. In addition to raising revenue, it is responsible to protect the society from adverse effects of smuggling and contraband. It seizes and takes legal action on the people and vehicles involved in the act of smuggling, any tax evasion and avoidance while it facilitates the legitimate movement of goods and people across the border.

The Ethiopian Revenues and Customs Authority (ERCA) was established by the proclamation No.587/2008 on 14 July 2008, by the merger of the Ministry of Revenue, Ethiopian Customs Authority and the Federal Inland Revenue Authority for the purpose of enhancing the mobilization of government revenues, while providing effective tax and Customs administration and sustainability in revenue collection. The main objective of the establishment of ERCA was to streamline the public revenue generation function by bringing the relevant agencies under the umbrella of the central revenue collector body.

This structuring aimed at improving service delivering, facilitating trade, enforcing the tax and customs laws and thereby enhancing mobilization of Government revenue in sustainable manner. A study called "Business Process Re-engineering" had taken place before the merger of the foregoing administrations. The study was undertaken for a year and half beginning from November 2007 by teams of officials selected from within the administration.

The study has looked into the selected key business processes and has come across inefficient organizational structure and unnecessary complicated procedures that permitted insufficient service delivery. The study has also indicated that there was corruption within the administrations and that smuggling and tax evasion were serious problems. These problems have depressed the attempt of the foregoing administrations to be successful in achieving their objectives.

Documents for the import and export goods were processed through the former tax and customs administration and due to the inefficient procedures, these goods were subject to delay at exit or entry points of the former customs Authority. Owing to it, importers or exporters viewed the former customs procedure with disfavor or looks as an impediment for international trade. The former tax and customs administration also has long been criticized for lack of efficient and effective system to control tax evasion.

The administration had inefficient system to control taxpayers who fail to declare their actual income in order to reduce their tax bill and the federal government's revenue. The former administration was also far behind in protecting investors from adverse effects of contraband and illegal practices. In its proposal, the team has suggested merger of the foregoing three administrations. The study team believed that it would be better if the three administrations merged, forming a single powerful organization to increase modern and equitable tax and customs administration system, effective resource utilization and quick service delivery. Presently, the Authority is exercising the powers and duties that were granted to the Ministry of Revenue, the Federal Inland Revenue Authority and the Customs Authority by existing laws.

The Addis Ababa City Tax Administration and ERCA have signed a memorandum of understanding in January 2011 to gain support from ERCA. The main objective of the agreement is to enhance the capacity of tax administration of the city to collect its revenue effectively and efficiently. Based on the agreement, the administration part of the city tax

administration is temporarily merged to ERCA; the revenue collected is to the Addis Ababa city government administration.

### **1.11. The Research Problem**

ERCA is one of public owned organization. The organization at the Eastern Addis Ababa Branch office currently has a total of 396 employees of which 244 are professional and 152 non-professional ( report of HRMD of ERCA at EABO, 2016). ERCA of EABO is a public owned institution providing different services to the country. Ethiopia Revenue and Custom Authority (ERCA) is a body responsible for collecting revenue from custom duties and domestic tax. In addition to rising revenue the organization is responsible to protect the society from adverse effect of smuggling. It should maintained adequate number of the right sort of employees with appropriate training, qualifications and experience who serve its customers as per the rules and regulation of the organization. Indeed, effective performance of the organization depends not only on the available technical resources, but also on the quality and competence of its employees as required by it. (Boxall and Purcell (2011) propose that organizations would have invested heavily into developing these employees who hold critical knowledge and skill. Additionally, human capital is neither widely accessible nor easily imitated (Boxall & Purcell, 2011).

The major causes of employee's turnover were identified through carried out different studies with retentions strategies that organizations should follow by various researchers (Ongori, 2007; Achoui and Mansour, 2007; Kumar, 2011; Rehman, 2012 & Gabriel and Thomas, 2012). These studies were carried out in different countries and organizations. According to the results of these researches, turnover causes may vary from countries to countries since those countries may be categorized under developing or developed countries (Koys, 2001). Beside the countries, the organization sectors the study were conducted may be the factor to the turnover causes. Johns (2001) also stressed how culture plays a role in the causes of individual withdrawal within organizations. Though several studies were addressing the cause of employee turnover in other industries, very little has been done to address the causes of employee turnover in governmental institutes.

A recent study conducted by Wesonga, Alice, Noah and Makworo (2011) is evident that significant costs are involved in hiring, training and retaining new employees. Hence, it is extremely crucial for the organization to retain its employees. Moreover, it

becomes imperative that management of the organization must identify the causes to minimize employee turnover at all costs since it affects the organization efficiency and effectiveness (Glebbek & Bax, 2004).

ERCA at EABO set maximum attrition rate in its strategic planning as 5 percent. The actual attrition rate of professional employees excluding of nonprofessional employees for the fiscal year 2005, 2006, 2007, 2008 are 7%, 22%, 18% and 13% respectively. This shows that it is above doubled than the attrition rate set by the organization. Hence, the recent trend reflects that ERCA at EABO is facing frequent turnover of professional employees. However, the causes of ERCA at EABO professional employees leaving the organization voluntarily are not identified since as far as the knowledge of the researcher studies have not been conducting on ERCA in this regard. Hence, this research is intended to address the causes of professional employees' turnover and employee's retention practice at ERCA of EABO.

This study, therefore primarily focuses on answering the following basic/research questions.

#### **1.11.1. Basic Research Question**

To address the problem stated above this study tried to answer the following research questions.

1. What is the trend of staff turnover in the organization?
2. What are the possible causes of staff turnover?
3. Which category of professional's staff is more susceptible for turnover?
4. What employee retention mechanisms are exercised by the organization to minimize staff turnover?

#### **1.12. Research Objectives**

The main objective of this research is to identify the major causes behind the frequent professional staff turnover in ERCA at EABO and provide professional advices that would help the organization to reduce turnover and retain its competent employees.

The specific objectives of the study are:

- To identify the possible causes of staff turnover.
- To identify the category of professional staff susceptible for turnover.
- To explore what employee retention mechanisms are exercised by the organization to minimize.

### **1.13. Operational Definition of Terms**

1. Turnover-refers to the movement of employees in an organization which is determined by calculating the ratio of the number of employees who left during the period considered and the average number of employees of the organization in the same period.
2. Professional employees:-refers to employees who possess diploma and above in the are of business and the sector and holding at least officer position.
3. Ethiopia Revenue and Custom Authority (ERCA)- is a body responsible for collecting revenue from custom duties and domestic tax. In addition to rising revenue the organization is responsible to protect the society from adverse effect of smuggling.

### **1.14. Significance of the Study**

Governmental and public sector organizations success can be measured mainly through delivery of quality service to their beneficiaries. This can be achieved through well formulated plans and programs, allocation of resources, assignment and retention of committed and competent staffs. However, in ERCA at EABO it is not as explained above. Since skilled manpower turnover rate is high the organization's intended objectives and expected results are not achieves. Therefore, the researcher highly anticipated that the results of this study have the following significance.

- Provides knowledge and understanding on employees and organizations to be inseparable.
- It serve as base for interested researchers on the issue in conducting future and detail study in the area.
- It provides information for public and private sector organizations how effective retention of employees contributes for organizational performance and help to design feasible strategic plan.

### **1.15. Scope of the Study**

#### **Delimitation**

Because of time and budget constraint, this research was delimited to geographical location and the sample was restricted to one branch of ERCA at Eastern Addis Ababa Branch Office. This research is also delimited itself on voluntary turnover in ERCA at EABO. Also with in this Eastern Addis Ababa Branch Office the study focuses on professionals or those technically qualified personnel who do have both managerial and non-managerial positions.



## **Limitations to Research**

Limitations of this study includes: challenges of implementing effective retention of employees was not be included, there are also little empirical studies that have been done in Ethiopian context on the issue particularly on this sector, difficulty of getting ex-employees of the organization this leads to depend on few and not the representative of ex-employees.

### **1.16. Organization of the Research**

This research report comprises five chapters. The first chapter contains background of the study, statement of the problem, research questions, and objectives of the study, operational definition of terms, significance of the study and Delimitation (Scope) and Limitation of the Study. The second chapter reveals a gap in the literature pertaining to turnover causes in the organization Ethiopian Revenues and Customs Authority Eastern Addis Ababa Branch Office context. The third part offers a detailed description of design of the study, population and sampling techniques, the type of data and tools/instruments of data collection employed, the and the methods of data analysis used and reliability and validity of data collection tools and Ethical Issues of the Study . The forth chapter includes the presentation of findings of the study with interpretation and analysis. The last chapter comprises three sections, which include summary of findings, conclusions, and recommendations.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURES**

#### **2.3. Over view of employees turnover and retention**

##### **2.3.1. Definition of employee turnover**

The emergence of different institutions in the nation and the related increase in the requirement of skilled employee leads for competition of institutions to hire and maintain the best employees. Hence employee turnover becomes one of the major human resource problems of most organizations. Different scholars have defined employee turnover in the following manner.

Employee turnover occurs when employees leave their jobs and must be replaced. Since employee turnover has become the most widely studied phenomenon in organizational behavior research, there are many definitions in the literature regarding the term employee turnover. Indeed, thousands of researches have been conducted on employee turnover (Cohen, Granot, Shilovsky & Yishai, 2007; Vakola, Tsaousis & Nikolaou, 2004). The term employee turnover is often used to describe the in and out of the employee in the organization. However, Rion (2009:8) and Beam (2009) had defined employee turnover as a ratio comparison of the number of employees an organization must replace in a given time period to the average number of total employees.

Turnover can be classed as internal or external. Internal turnover involves employees leaving their current position, and taking a new position with the same organization. Both positive enforcement (such as increased employee motivation and commitment) and negative consequences (such as research/relational disruption) of internal turnover exist, and thus this form of turnover may be as important to monitor as its external counterpart. Internal turnover might be moderated and controlled by typical human resource mechanisms, such as an internal recruitment policy or formal succession planning (Wikipedia, the free encyclopedia 2006).

### **2.3.2. Definition of employee retention**

Retention is a voluntary move by an organization to create an environment which engages employees for long term. According to Chaminade (2007: 1), this attachment relationship should be durable and constant and link the employee to the organization by common values and by the way in which the organization responds to the needs of the employees. The main purpose of retention is to prevent the loss of competent employees from the organization, which could have an adverse effect on productivity and service delivery. Also, retention allows senior and line managers to attract and effectively retain critical skills and high performing employees. This is achieved by providing these managers with information on retention and retention strategies that will ensure that the goals and objectives of the organization are realized.

Creating a retention strategy means placing the employees' needs and expectations at the Centre of the organization's long-term agenda in order to ensure the professional satisfaction of the employee and create a trusted relationship. In this stable relationship, the employee remains in the organization by personal choice based on free will and considered decision. Retention of employees is crucial to the overall success of any organization.

Talented and high performing employees should be encouraged to remain in the organization by designing retention policies that will provide individual employees with opportunities to demonstrate their skills and ensure that they are matched with the right jobs. Such retention policies should, in the view of Nyoka (2006: 2) also include strategies that will enable employees to balance their work life demand with their family life by establishing family friendly policies and enabling flexible work arrangements to accommodate essential personal commitments. With such effective retention policies in place, managers are able to keep the employee turnover at a manageable rate.

It is imperative for organizations through the employment process, to attract quality employees to the organization. However, it is more important for managers to device strategies with which to retain these talented employees in the service of their organizations in order for employers to benefit from the investment already made in them. Employee retention is one of the most critical issues facing organizational managers as a result of the shortage of skilled manpower, economic growth and high employee turnover. Retention is a critical element of an organization's more general approach to talent management, which is

defined as "the implementation of integrated strategies or systems designed to increase workplace productivity by developing improved processes for attracting, developing, retaining, and utilizing people with the required skills and aptitude to meet current and future business needs" (Lockwood, 2006, p. 2). These strategies, according to Czakan (2005: 8) include career growth and development, competitive compensation benefits, opportunities for training and supportive management. Apart from the strategies mentioned above, employers should use a flexible approach to encourage retention and this approach should consider a number of value-adding components. Such components, Brown (2006: 2) contends include mentoring/coaching, opportunities for skill and career development, as well as flexibility around the frequency and size of performance rewards and incentives. The whole process of retention is to ensure that employees are retained in the organization, especially employees with valued or needed skills or experience in a scarce/critical field (where recruitment is difficult) competitive advantage. Turnover is a costly expense and a huge concern to employers and must be avoided. High turnover represents a considerable burden on human resource and line managers, who constantly have to recruit and train new employees.

### **2.3.3. Relationship between recruitment sources, retention and turnover**

Employee retention stems from the employment process. Three employment processes (recruitment, selection & placement) predetermines the effectiveness of retention strategy. For employee retention to be successful, it has to be linked positively to the processes and practices of recruitment and the sources from which job candidates are recruited. Recruitment practice and empirical research suggests that employees may differ in their propensity to quit depending on the source from which they are recruited. Two rather different approaches to recruitment identified by Wanous (1975) as cited in Raub and Streit (2006: 279) are the "traditional" approach which suggests that the ultimate goal of recruitment is to attract a maximum number of applicants to the recruiting organization. In the traditional approach, providing incomplete or even biased information about the job and/or the organization may be an acceptable means for reaching this goal. The other approach is the "realistic" approach which suggests that a "realistic job preview" whereby recruiters provide balanced and honest information about both the negative and positive aspects of the job and the organization is undertaken.

The traditional approach was criticized by researchers such as Wanous (1975,1978) cited in Raub and Streit (2006: 279) who hypothesized that its benefits in terms of attracting a large number of candidates may be more than outweighed by its negative consequences for the selection and retention of those candidates. Following Wanous's criticism, many HRM scholars like Raub and Streit (2006: 279) posit that an unrealistic presentation of job-related information may lead to a "rude awakening" when newly hired employees discover the reality of the job. The larger the gap between what has been promised during recruitment and what the employees experience during their first weeks and months on the job, the higher the propensity to quit. The resultant effect is that the new appointees will be frustrated, dissatisfied, and unproductive and in the end they may quit rapidly.

Similarly, Lee (2006:1) proposes two mediators to recruitment theory as they affect turnover. These are the "realism" with which the candidate comes into the job and the job fit, i.e. the extent to which the employee feels that the job accords with his/ her personality, ability and so on. Lee (2006: 1) contends that if various recruitment sources can be found to have different realism and job-fit, and these in turn affect turnover, then retention strategies can be crafted around these recruitment techniques.

A large number of empirical studies have confirmed that realistic recruitment does indeed lead to a reduction in turnover. Dean and Wanous (1984), Phillips and Meglino (1987) cited in Raub and Streit (2006: 280) explain that realistic recruitment does not mean that recruiters should communicate positive information only. Indeed, a combination of both "reduction" (i.e. negative) and "enhancement" (i.e. positive) previews seems to work best. The message source seems to play an important role in employee turnover. According to Colarelli (1984) cited in Raub and Streit (2006: 281), information received from job incumbents is perceived as more credible than information from other sources.

It is crucial to attribute great importance to providing realistic information about the job and the organization; and to this extent, HR practitioners or recruitment agencies must be familiar with the working conditions in the organizations they are recruiting for. Raub and Streit (2006: 283) stress that recruiters must be honest about the job-related information they give to job candidates at interview level. For example, when recruiting candidates for a manufacturing organization, recruiters must be willing to disclose details about certain hazards that are associated with the manufacturing process such as industrial accidents, polluted working environment, and the general work context. The general work context may

be characterized by long working hours, restrictive overtime regulations, and several limitations to the number of days off. This information may assist job applicants to decide if these working conditions fit into their career aspiration and help their decision making process on whether to accept or reject the job offer.

#### **2.4. Factors affecting employee turnover**

Employee turnover is a gradual process. Employees move from one organization to the other and from one industry to the other for different reasons. Sometimes it is the attraction of a new job or the prospect of a period outside the workforce which 'pulls' them like higher salary or better benefits; on other occasions they are 'pushed' due to dissatisfaction in their present jobs to seek alternative employment.

According to the recent research conducted by CIPD in 2006 in UK, push factors play a major role in most resignations than pull factors. CIPD also emphasized that it is relatively rare for people to leave jobs in which they are happy, even when offered higher pay elsewhere. In general, employees leave on their own accord or they are discharged. Every separation of an employee from an organization whether voluntary or involuntary is serious problem for the organization. Though some degree of staff turnover is acceptable, it affect the well-functioning of an organization if they have excess staff's turnover, (Loquercio, et al, 2006, pp. 1).

They also further elaborated that unavoidable causes are not fault of management but due to other factors which are not under organizations control like employees personal betterment, domestic affairs such as marriage and pregnancy, illness, retirement, death, etc. and avoidable causes are like employees dissatisfaction with job, low remuneration, long hour of work and poor working conditions, bad relation with supervisors and fellow workers and redundancy of activities, (Yared D. (2007, p13-14).

Large organizations can provide employees with better chances for advancement and higher wages and hence ensure organizational attachment (Idson and Feaster 1990). Trevor (2001) argues that local unemployment rates interact with job satisfaction to predict turnover in the market. Role stressors also lead to employees" turnover. The results of each study were different as each study was carried out in different countries (having different socio-economic and culture), in different setting, for different organizations and used different independent variables. Review of various research studies indicated that employees resign

for a variety of reasons, the researchers classified into the following:

### **2.2.1. Demographic Factors**

Various studies focus on the demographic factors to see turnover across the age, marital status, gender, education, experience, employment tenure, REBS (2010, pp. 169,).

### **2.2.2. Personal Factors**

Personal factors such as health problem, family related issues, children education and social status contributes in turnover intentions. However, very little amount of empirical research work is available on personal related factors. There is another important variable "Job-Hopping" also contributes in turnover intentions. When there is a labor[employee] shortage, employees have plenty of jobs available. Consequently, they can afford to switch jobs for a few extra dollars. Masahudu, (2008) has identified another important variables "employers" geographic location" that may determine turnover. The closeness of employees to their families and significant others may be a reason to look elsewhere for opportunities or stay with their current employers. For instance, two families living and working across two time zones may decide to look for opportunities closer to each other, REBS (2010, pp. 169-170,)

### **2.2.3. Push Factors / Controlled Factors:**

Push factors are aspects that push the employee towards the exit door. In the literature it is also called controlled factors because these factors are internal and can be controlled by organizations, REBS (2010, pp. 170,) According to Loquercio (2006) it is relatively rare for people to leave jobs in which they are happy, even when offered higher pay elsewhere. Most staff has a preference for stability. However, some time employees are 'pushed' due to dissatisfaction in their present jobs to seek alternative employment. On the basis of available literature, push factor can be classified into:

#### **2.2.3.1. Organizational Factors**

There are many factors which are attached with an organization and work as push factors for employees to quit. Among them which are derived from various studies are: salary, benefits and facilities; size of organization (the number of staff in the organization); location of the organization (small or big city); nature and kind of organization; stability of organization; communication system in organization; management practice and polices; employees" empowerment. There is another push variable called organizational justice.

### **2.2.3.2. Attitude Factors**

In the literature, attitude is another kind of push factor which is mostly attach with employee behavior. Attitude factors are further classified into job satisfaction and job stress. Job satisfaction is a collection of positive and/or negative feelings that an individual holds towards his or her job. Satisfied employees are less likely to quit.

Job satisfaction is further divided into extrinsic factors and intrinsic factors. Extrinsic factors include variables such as job security, physical conditions/working environment, fringe benefits, and pay. Intrinsic factors include variables such as recognition, freedom, position advancement, learning opportunities, nature, and kind of job and social status (workers with a high hierarchical position who link their social position with their job want to retain it). Job stress includes variables such as role ambiguity (e.g. my job responsibilities are not clear to me), role conflict (e.g. to satisfy some people at my job, I have to upset others) and work-overload (e.g. it seems to me that I have more work at my job than I can handle), REBS (2010, pp. 171) [sic].

### **2.2.3.3. Organizational Commitment**

There are many factors which are attached with employee and organization and work as push factors for employee to quit. Organizations are interested in no only finding high performing employees, but those who will be committed to the organization. Similarly employees are also interested to work in an organization which is committed to pursue their carriers and benefits. Organizational commitment is recognized as a key factor in the employment relationship and it is widely accepted that strengthening employment commitment, reduce turnover (Mohammad, 2006).

According to Ugboro (2006) identified three types of organizational commitment: affective, continuance and normative, detail of which is given below:

- ❖ Affective commitment is employee emotional attachment to the organization, results from and is induced by an individual and organizational value congruency. It is almost natural for the individual to become emotionally attached to and enjoy continuing membership in the organizations.
- ❖ Continuance commitment is willingness of employee to remain in an organization because of personal investment in the form of non-transferable investments such as close working relationships with co-workers, retirement investments and career investments, acquired job skills which are unique to a particular organization, years of



employment in a particular organization, involvement in the community in which the employer is located, and other benefits that make it too costly for one to leave and seek employment elsewhere.

- ❖ Normative commitment is induced by a feeling of obligation to remain with an organization.

According to Ongori (2007), organizational commitment is an effective response to the whole organization and the degree of attachment or loyalty employees feel towards the organization.

It is important to note that the factors they are listed above can be classified as being within or beyond the control of the employing organization. In order to actively participate in reducing costs associated with turnover, organizations need to identify those factors over which they do have some control and initiate necessary changes to reduce turnover attributable to these "controllable" factors.

### **2.3. Reasons for employee turnover**

Recent research by the British Chartered Institute of Personnel and Development (2006: 1) shows that push factors are a great deal more significant in most resignations than most managers appreciate. The research contends that it is relatively rare for people to leave jobs in which they are happy, even when offered higher pay elsewhere. Research conducted by the Hay group and reported by Sharman et al. (2006: 22) reveals that about one third of the millions of employees surveyed worldwide plan to quit their jobs within two years.

Many reasons explain why employees withdraw from an organization especially in an economy where skills are relatively scarce and recruitment is costly, or where it takes several months to fill vacant positions as the present situation in the Ethiopian public sector. Employees voluntarily resign their appointments in organizations for various reasons which can be classified into two: pull and push factors. The pull factors, according to Sherratt (2000: 38) include the attraction of a new job especially in a growing economy. In such cases, it is the availability of alternative jobs that attracts an employee to withdraw from a particular organization. Sherratt (2000: 38) also explains that the push factor may be dissatisfaction with the present job that motivates an employee to seek alternative employment elsewhere. Sometimes, it is a mixture of both the pull and push factors. However, some reasons for leaving are entirely explained by domestic circumstances outside the control of any employer, as is the case when employees relocate with their spouses or partners.

Some employers attract job applicants with unrealistic and non-existent conditions of service during interviews. However, when these new employees get on board and the conditions of service promised by the employers are not forthcoming, such employees immediately update their resumes and quit for other jobs. The British Chartered Institute of Personnel and Development (2006: 2) notes that a great deal of employee turnover consists of people resigning or being dismissed in the first few months of employment. This is due to poor recruitment and selection decisions, both on the part of the employee and employer.

Expectations are high during the recruitment process, leading applicants to compete for and accept jobs for which they are mostly not suited. Organizations do this in order to ensure that they fill their vacancies with sufficient numbers of well qualified candidates as quickly as possible. However, over the longer term, the practice becomes counter-productive as it leads to costly but avoidable turnover and the development of a poor reputation in the local labor market.

According to a study by the Chartered Institute of Personnel and Development (2006: 2) in the United Kingdom (UK), there are factors that are specific to the individual that can influence early turnover. These include both personal and trait-based factors. Personal factors include changes in family situation, a desire to learn a new skill or trade, or an unsolicited job offer. In addition to these personal factors, there are also trait-based or personality features that are associated with turnover.

These personality traits are some of the same characteristics that predict job performance and counter-productive behaviors such as loafing, absenteeism, theft, substance abuse on the job, and sabotage of employer's equipment or production. Most environmental contributors to turnover can be traced to management practices. Turnover tends to be higher in environments where employees feel they are taken advantage of, feel undervalued and inadequately compensated. Management practices that promote inequity, inefficiency and lack of foresight and ability to provide purposeful leadership will encourage skilled and professional employees to leave the organization. Kinnear and Sutherland (2001: 17) further argue that skilled employees need space to act independently and freedom to plan and execute work the best way they choose. This requires progressive organizational leadership which allows for independent judgment by employees. Managers can help to address this by removing organizational policies that restrict innovative thinking and practice within the organization.

Certain jobs have peculiar characteristics that contribute to turnover. According to Lanyon (2007: 45) some jobs are characteristically more attractive than others. Someone who enjoys travelling long distances will find sales job attractive while a personality with a strong ability to convince others through argument may find satisfaction in advocacy jobs. However, if these personalities engage in jobs with characteristics other than those peculiar to them, they may not find job satisfaction, which will lead to turnover. Sherratt (2000: 38) posits that there is turnover that is demographically specific, particularly for women who are balancing significant work and family duties at the same time. Employees may choose to leave an organization instead of sacrificing their other interests and responsibilities in order to make the job work out. Some women elect to quit their jobs after the birth of a child, rather than simply take maternity leave while some relocate with their spouses. These factors translate into higher turnover rates for women in most organizations.

Empirical evidence has shown that all the factors enumerated above act individually or collectively to inform an employee's decision to quit or remain in an organization. Over time, money is considered as the most critical determinant of turnover. However, that assumption has changed. The new breed of professionals and highly skilled employees now place other factors such as career growth, skills development and training opportunities in the form of motivational variables that determine which organization to work for. For organizations to attract and retain quality employees, these variables must be evaluated and integrated into an effective employee retention program of the organization. It is thus important for organizations to first of all recognize what motivates an individual employee before a meaningful retention practice can be developed.

The concepts of turnover and retention are closely related to costs and no meaningful evaluation of the subject will be complete without examining both direct and indirect costs that are usually associated with the two. The following section will discuss costs that are usually associated with retention and turnover in organizations.

#### **2.4. Costs associated with employee turnover**

The extent of the impact of turnover on an organization cannot be fully understood if there is no attempt to quantify the costs. The more complex approaches to costing turnover give a more accurate and higher estimate of the costs. Such approaches often take into account the costs associated with lost productivity (i.e. the productivity of a new employee during their

first few weeks or months in the role and that of resignation during the notice period) and the effect on morale of the remaining work.

In their analyses of turnover costs, Schultz and Schultz (2006: 242) conclude that employee turnover is costly for organizations. Every time an employee quits, a replacement must be recruited, selected, trained, and permitted time on the job to gain experience.

Phillips and Connell (2003: 1) concur and enumerate the costs of turnover to include, recruiting costs, selection and or employment costs, orientation costs, training costs, lost wages/salaries, administrative costs, lost productivity, loss of human capital, and customer satisfaction issues. It is important for management to know why employees, particularly high performing employees resign from the organization. The common way of investigating employee's resignation is by conducting an exit interview which also is another cost to the organization.

In conducting an exit interview, some costs are involved and they must be taken into consideration when calculating turnover costs. Bliss (2007: 1) lists these costs to include the time of the person conducting the interview and the administrative costs involved in processing the resignation letter, including stationery and printing. Before a recruitment process is initiated, a job analysis is necessary to determine the job content of the vacant position. A job analysis expert will have to be consulted to evaluate outstanding work and job requirements of the vacant position. These costs also represent turnover costs and must be considered.

Training and re-training of employees constitute one of the most crucial aspects of management in both the public and private sector organizations. According to Choo and Bowley (2007: 341) new employees normally undertake on- the-job training, and in some cases, they are sent abroad to acquire a specialized skill. These costs are enormous and when a highly trained employee resigns without justifying these huge training expenses, organizations stand to lose all the investments already made. Organizations also suffer productivity loss when an employee quits. When a new employee is hired and trained, Bliss (2007: 1) estimates such employee's contribution to the productivity level at 25% for the first 2-4 weeks of employment.

Productivity loss is therefore 75% of the new employee's full salary. For example, if a new employee is hired and placed on a monthly salary of Birr 20000; the organization will be losing the sum of Birr 15000 as productivity loss every month because the new employee is not adding full value to the organization yet. This will however improve progressively between weeks 5-12 when the employee will be contributing 75% productivity level thereby reducing productivity loss to 25% of the new employee's full salary during the period.

While the new employee is undergoing on-the-job training, the supervisor and other employees in the department will be involved in bringing the new employee to speed. The supervisor and the other employees' time will be lost in the process; this lost time must be quantified in monetary terms. It is also expected that the new employee, in the course of on-the-job training, will make mistakes which may lead to damage to equipment, disrupt production, or delay a delivery schedule. Such mistakes must be expressed in monetary terms and treated as part of turnover costs to the organization. A substantial cost is incurred in productivity when a management employee quits; such an employee will no longer be available to guide and direct departmental employees who are responsible to the departed manager.

In organizations where sales persons are employed with a sales territory allocated to them, lost sales in respect of these category of employees is calculated as dividing the budgeted sales revenue for the particular sales territory into weekly amounts (Bliss (2007: 1)). The weekly amount is multiplied for the number of weeks the sales territory is vacant, including training time when the vacancy is subsequently filled, until the new sales representative begins to add value to the organization. For non-sales employees, the revenue per employee is calculated by dividing the total organizational revenue by the average number of employees in a given year. It does not matter whether an employee contributes directly or indirectly to the generation of revenue, their purpose is to provide a defined set of responsibilities that are necessary for revenue generation. To calculate lost revenue when an employee quits, the number of weeks the position is vacant is multiplied by the average weekly revenue per employee.

In view of the above analyses, Bliss (2007: 1) concludes that the costs and negative impact of employee turnover on organizations can be significant. Sherman *et al.* (2006: 22) also concur by stating that direct and indirect costs associated with turnover include the cost of advertisement, vacancy costs- which are a temporary loss of productivity occasioned by the

voluntary withdrawal of an employee. Apart from the above mentioned direct costs, there are also indirect costs which include loss of goodwill, lost sales, and customer defection. Given the high costs of turnover and its negative impact on running a business, a well thought-out program designed to retain employees must be put in place by managers in order to reduce unnecessary turnover.

## **2.5. Measuring employee turnover**

The commonly used formula to calculate a basic turnover rate for any given period is described as shown below by the United Kingdom based Chartered Institute of Personnel & Development CIPD (2007:1) report. ([www.cipd.co.](http://www.cipd.co.)).

$$\frac{\text{Total number of leavers over a period} \times 100}{\text{Average number of employees employed over a period.}}$$

The total figure includes all leavers, even people who leave voluntarily, dismissal, redundancy or retirement. The weakness of this method is that it does not distinguish between categories of employees, e.g. by length of service, or whether turnover was voluntary or involuntary. It is also important for organizational practitioners to take a record of the retention rate for experienced employees. This is also referred to as the Stability Index (SI) and is calculated as:

$$\frac{\text{Number of staff with one or more years in service} \times 100}{\text{Number employed a year ago}}$$

The stability index formula stated above is consistent with the one devised by the CIPD which is calculated as follows:

$$\frac{\text{Number of employees with one year's service (or more) now} \times 100}{\text{Number of employees one year ago}} = SI$$

The stability index is most useful in comparisons over a period or with other similar organizations. Measuring employee retention rate and the costs of turnover to the organization is vital in building a business case for thorough and effective recruitment and retention initiatives. This costing can be a part of performance appraisal ratings especially for line managers and gain top management support for employee management activities.

However, it is not all turnovers that attract costs to the organization; some are indeed beneficial and cost effective as discussed in the next section.

However, Loquercio, (2006; 4) suggest that number of leavers should encompasses all leavers, including people who left due to dismissal, redundancy, or retirement, but it typically excludes those leaving at the end of fixed contract. The main purpose of excluding fixed term employees from the calculation is that it does not indicate the real problem of the organization. The above total figure includes all leavers, even people who leave voluntarily, dismissal, redundancy or retirement.

## **2.6. Retentions Strategy**

At this time, organizations need to be concerned about retaining their workers since retaining valuable employee is one of the important issues for competitive organizations as hiring is not an easy process and recruiting the right candidate is a time consuming process, an organization invests time and money in training an individual and make them ready to work and understand the corporate culture. To retain employees, the organizations must review their career plans and reorganize those plans according to the market so that intelligent and talented employees could serve more and would beneficial in the long run (Nadeem et al, 2011). Besides, today employees are the most valuable assets in any company (Ongori, 2007); hence, it is better for organizations to continue working with their current employees than to encourage labor turnover by hiring new employees. This is may be akin with the Amharic proverb the devil you know is better than the angel you do not know.

To be effectively retaining workers, employers must know what factors motivate their employees to stay in the organization and what factors cause them to leave. So, reducing employee turnover is a primary goal for almost every human resource professional (Catherine, 2002). By reducing employee turnover, organizations save money on recruitment and training, as well as encouraging a stable and experienced workforce. Since retention of employees is one of the most important ongoing practices of human resource management, efforts to increase employee retention start with improving the recruitment and training process, but continue on to providing challenging, interesting work, a cooperative work environment, and comparable compensation programs (Irshad, 2009). Additional factors that contribute to reducing employee turnover include opportunities for professional growth, additional training, and organizational stability. Therefore, it is always important to keep professional employees in any organization in order to improve the kind of service that is provided to the relevant customers (Nadeem et al. 2011).

As retention strategies are complex and are not easy to implement, a review of literature indicates a wide and diverse range of potential retention strategies. In order to in effect the retention strategies, the employees, and their managers or supervisors need to be actively involved in the development and implementation of the strategies. Managers need to have a clear understanding of the needs, abilities, goals and preferences of the workforce (Pendulwa, 2011). In line with this, more effort should be done to improve retention by taking in to consideration of the many factors such as better recruitment effort, review job content, compensation practices, leadership and supervision, career planning and development, alternative work schedule, working conditions, non-work factors, team building, centralization, organization communication and commitment, counseling leavers, flexible working hours, compressed work week, employee involvement, proper exit interview policies for turnover, and recognitions (Rehman, 2012 & Achoui and Mansour,2007).In addition to the above, given the growing needs for organizations to retain best employees they face a competition. Samuel and Chipunza (2009) in their findings suggest that, certain variables are crucial in influencing employees' decision to either leave or remain in an organization. Such variables include training and development, recognition/reward for good performance, a competitive salary package and job security. Nonetheless, the importance of other variables should not be under estimated when formulating a retention policy. It is only a comprehensive blend of intrinsic and extrinsic motivational variables that can enhance retention and reduce the high rate of employee turnover in various organizations (Nadeemet al.2011). So, for those organizations who are struggling of retaining employees they must understand the requirements of the employees.

## **2.7. Empirical Studies**

Employee turnover is a problem that employers have been facing in all industries, but the situation is different for every industry (Catherin, 2002). Due to this, various studies were conducted on causes of turnover on various industries. Several literatures indicated various factors that why employees stay or quit their job. There are also many discussions in international and national level study on the relationship between various factors of turnover and its effect. For example, Ongori (2007) focused on sources of employee turnover, effects and forwards some strategies on how to minimize employee turnover in organizations. Rehman (2012) worked on employee turnover and retention strategy. Samuel and Chipunza (2009) also identified intrinsic and extrinsic motivational



variables influenced the retention and reduction of employee turnover in both public and private sector organizations. A research was conducted in Saudi company to identify the main turnover factors in some Saudi business companies and to suggest some employee retention strategies within the Saudi context (Achoui and Mansour, 2007). Nadeem, Yasir and Hussain (2011) in their study elaborate the retention of employees its benefits and factors that may help to retain the best talent of the organization in the case of textile sector.

At national level, in Ethiopia, employee turnover and its retention activity in governmental institute spatially in ERCA appears not have been extensively researched and documented. But the researcher have got little empirical studies in the area of professional employee turnover in the public and privet sectors. Among those studies I refer some of the research maintained below. Yohannes Melaku (2014) study factors affecting employee turnover and its impact on Ethiopian Evangelical church of mekan eyesuse. Yezina Tsega Tiruneh (2014) Assessment of Impact of Employee Turnover on TVET Institution. Beruk Wallelegn (2013) study on Assessment of Professional Employee turnover in the cases of Bank of Abyssinia. Solomon (2007) study skilled manpower turnover and its management in the case of Ethiopian road authority.

The result of each study were came up with the same result even if each study was carried out in different countries where each countries having different socio-economic and culture, in different setting for different organizations and used different independent variables. Besides, the studies at national level also carried out at different organizations and at different competitors where each organizations having different working environment, working culture and norms and services they provided.

Considering of the above facts investigated by various researchers, organization should understand why their employees leave and stay to mitigate the reason of leaving the company and the reason staying in the company to attract other competent employees from the market and achieve the going concern of the company. Therefore, there is a clear need to develop a better understanding of employee turnover and more specifically the causes that are key indicators of why employees leave the organization which would then have a profound impact on the strategies that managers can employ in order to reduce employee turnover within their organizations (Kevin, MM, Joan, LC& Adrian, 2004). According to Ongori (2007) the value of employees to an organization is a very crucial element in organizations success. This value is intangible and cannot be easily replicated; therefore, it becomes very important that managers should control employee turnover for the benefit of the organization.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1. Research Design**

This research has a clear objective derived from research questions and specifies the source from which researcher collected data. The major purpose of this research, therefore, is to describe the professional employee turnover and its retention practices of ERCA at EABO.

This research was a descriptive type of research method to gather information about the present causes of employee turnover and its retention activity at ERCA in EABO. This method has been also used some qualitative information to know the current conditions of ERCA at EABO with regard to professional employee's turnover and its retention. In attempt to address the assessment of turnover and its management practice and to provide possible recommendations, the researcher uses both primary and secondary data sources. With regard to primary data, the data collected through questionnaire were filled by the terminated and existing employees and interview were conducted with management and other concerned body. In addition HRM books and literatures, websites (internet) and other available sources were collected from the organization, farther more Departmental documents and records were analyzed to explore turnover trends of the organization. Then, all the data were collected and identified the causes that contribute to professional employee turnover and its retention among ERCA at EABO employee's interpretation is also conducted. Finally, conclusions and recommendations were forwarded.

#### **3.2. Population and Sampling Technique**

Yamane (1967:886) provides a simplified formula to calculate sample sizes. This formula was used to calculate the sample sizes  $n = \frac{N}{1 + N(e)^2}$  where  $n$  is sample size  $N$  is the population size and  $e$  is the level of precision. Therefore based on this the sample size was calculated  $N=244$   $e=.05$  and 152 population constituted the sample size. The organization has about 396 employees only in eastern Addis Ababa branch office level among those who fulfill the criteria of professional employees are 244 and questionnaires was distributed to 152 employees who are select based on this Yamane formula from the total professional employees of the organization.

Regarding the terminated employees the researcher used convenience sampling methods to select the respondents. The reason of selecting convenience sampling methods by the researcher is that it is easy to reach the respondents. The accessible population of the ex-employees refers to 211 professional employees who left the organization during the period under review. Those accessible populations refer to one that meets the criteria and would be available for a study (Everitt, 2006 and LoBiondo-Wood & Haber, 2006). Accordingly, the target populations 21 will be selected to fill the questionnaires. Therefore, 10% of the ex- employees from the total populations are involved to fill the questionnaires.

### **3.3. Sources of Data and Data Collection Tools Used**

In attempting to address the assessment of turnover and its management practice and to provide possible recommendations, the researcher has used both primary and secondary data sources. With regard to primary data, the data was collected through questionnaire filled by the ex-employees and existing employees and interview conducted with management. The questionnaires was designed accordance with to Likert-scale type that respondents have to indicate whether they strongly agree, agree, neutral, disagree, and strongly disagree for each statement. Numeric values (5, strongly disagree and 1 strongly agree) was assigned to enable the quantitative analysis of the results. Descriptive statistics frequency, percentage and mean scores used to present and analysis the data gathered through the questionnaire.

Besides the history of terminated and existing employees the data were collected from Human Resource Management (HRM) department. As far as secondary data was concerned, relevant data was collected from the institutions HRM department reports and previous documents about ex-employees data, HRM books and published and unpublished materials" reports organization website and other available sources were consulted (referred).

### **3.4. Data analysis technique**

Data analysis means the categorizing, ordering and summarizing of data to get answers to research questions (De Vos, AS, Strydom, H, Fouche, CB & Delport, CSL, 2005). Hence, the researcher obtained data through responses of questionnaires was collated into MS-Excel spreadsheets and compiled at first. Then the data was summarized, edited, coded, tabulated and analyzed. Editing was done to improve the quality of data for coding. Editing involved going through the questionnaires to see if respondents

responded to questions and see if there are blank responses. Tabulation involved counting the number of cases that fall into various categories. A simple tabulation was used. Descriptive statistics data analysis method was applied to analyze quantitative data where data is scored by calculating the number and percentages. Qualitative data analysis method was also employed to analyze qualitative data gathered using the interview check list and documents from the department.

### **3.5. Ethical Issues of the Study**

**Confidentiality**-the respondents were assured that they did not be confused and that their response has remain confidential. The information they provide is confidential and used for academic purpose only.

**Organizational approval** -A written letter that explains the research idea as well as a copy of the research proposal has provided to study the site. The researcher was obtain approval prior to any research activity at the specified location is carried out.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

This chapter is divided into four parts. The first part of this chapter is deals with the data obtained from document analysis. In the second part, the exit interview and interview result forwarded by HRM team leader are given of the organization. The third part discusses Costs and Retention Mechanisms of Turnover at ERCA of EABO. Finally, detailed analysis and discussion of data collected through the distribution of questionnaires are presented.

#### 4.6. Document Analysis

##### 4.6.1. Trend of Employee Turnover at ERCA of EABO

Based on the data that was obtained for this study through the available documents from the organization such as monthly report, annual report and department document analysis was carried out to determine the turnover magnitude and trend of the organization. The findings are presented in the table below.

Table 4.1. The rate of professional staff Turnover from 2005 - 2008 E.C

Category	Year							
	2005		2006		2007		2008	
	No	%	No	%	No	%	No	%
Managerial	6	27.3	6	7.9	4	6.3	3	6
Officers	16	72.7	70	92.1	59	93.7	47	94
Total leaving professional employee	22	100	76	100	63	100	50	100
Total professional employees	314		337		356		382	
Professional employees turnover rate	22	7%	76	22%	63	18%	50	13%

Source:- ERCA eastern Addis Ababa branch office HR document

The data in the above table shows that the magnitude of staff turnover and the trend what it looks like from the period under review, i.e. from 2005 to 2008. Accordingly, as it is indicated in the table above, the number of staff leaving the organization in 2005E.C is 22, 2006E.C is 76 2007 E.C is 63 and 2008 E.C is 50. Hence, the data reflects ERCA in EABO is facing frequent professional employees turnover. Besides, the data shows that the average

number of employees leaving the organization under review periods is 53 employees per annum. In the period under review 2005 was the minimum turnover of employees recorded and 2006 was the pick turnover recorded period.

In the strategic planning of the organization the tolerable attrition rate is 5%. However, the data in table 4.1 above reflects that the professional employee's turnover rate is more than the attrition rate set by the organization by 2% in 2005E.C, 17% in 2006E.C, 13% and 9% in the year 2007 & 2008E.C. This shows that the organization faces a high professional employees' turnover.



Figure 4.1.professional employees turnover rate

From this chart we understood that the rate of employee turnover is not constant, in the period 2005 it is less than the other periods and in 2006 it is pike. However the organization faces a high turnover rat under the review periods.

#### 4.7. Exit interview

The cause of turnover as the researcher has tried to collect from the HR department report as they collect from exit interview sheet shows that employees are leaving the organization due to the following reasons. Those reasons are due to working department they meet and the professional they have does not much, high level of stress in the job position, to get better

salary, to do a personal business, to go to abroad, dissatisfaction with the superiors, family cases, because of no promotion, for education and other better job opportunity is among the exit interview of most of the employees (Exit interview report of, 2008).

Therefore, among the reasons mentioned above most of the employees are leave the organization for better opportunity. Some of the employees also go to the organization like commercial bank of Ethiopia, Ethiopian airline, Ethiopian Telecommunication and in different privet banks are among the choices of the exit employees. So that the organization will be in danger of losing this potential employees and exposed for additional training cost.

#### **4.8. Interview results with HR department team leader of ERCA at EABO**

The representative of the HR team leader argues that turnover is an obvious and that turnover can also be useful as the organization can separate itself from humble performer and make way for capable employees continue in the organization. However, the management of the institution is happy if qualified and trained employees not living the organization. To minimize the frequencies of the turnover outgoing efforts has been done from the responsible bodies.

To the interview question about the reasons employees leaving the organization, He replay us employees are left the organization due to various reasons but majority of them are left the organization due to salary and benefits because the above mentioned organizations offer attractive salary and benefits compering to ERCA. He also mentioned that turnover is an endless phenomenon in a dynamic atmosphere; hence, the organization tries to set a system which the current or the new comers of employee should follow. According to him, employees are not stay lifelong. However, as a management, the top management of the organization develops and upgraded a substitute through different training and developments of another employee who is equivalent or better capacity internally. He emphasis that unless the needs arise and some vacant positions demands higher qualification, the organization is not look for competent employees externally. According to him, currently the organization has enough staffs which are qualified and experienced that can substitute their next positions. In addition, as a retention mechanism the organization review the salary scale and released very quickly.

According to the HR team leader, exit interviews have been conducted to gather information on why employees leave the organization. The HR department is aware of the magnitude of turnover that is the increasing number of employee turnover especially for the last two years

which more experienced and qualified workers are left the organization. This information is needed in order to gain an understanding of how to address the problems that lead to employee turnover.

Lastly, the team leader pointed out that, the organization gives due cares to its employees since the success of the organization is directly related with the contribution of the employees. It is obvious that without the qualified and experienced staff it is very difficult to achieve the objective of the organization.

#### **4.9. Costs and Retention Mechanisms of Turnover at ERCA of EABO**

To get potential and experienced employees ERCA of EABO uses different mechanisms of polling employees to apply for vacant position posted or notified by the organization. The cost incurred by the organization on includes cost of advertisement via newspaper, interview costs, training and development costs of new and existing employees etc.

In the eyes of the management and responsible bodies of the organization it is trying to maintain stable work force through various mechanisms. In the first place full orientation is given for new employees when they are hired about working condition of the organization, duties and responsibilities in each one of position will be explained, benefits that they will get also told to them. In order to improve the benefits employees the organization has planned and working with different organizations both in the country and abroad. Therefore, this will reduce turnover of employees when it is implemented. The organization also requested government bodies to allow increasing salary and other benefits.



#### 4.10. Demographic Information of Ex-Employees of ERCA at EABO

**Table 4.2. Demographic Profile of Respondents**

	Item	Number of Ex- Employees Response n= 15		Number of Current Employees Response n= 62	
		No.	%	No.	%
1	<b>Sex</b>				
	Male	9	59.4	36	58.1
	Female	6	39.6	26	41.9
	Total	15	100	62	100
2	<b>Age</b>				
	Below 25	4	26.8	26	41.9
	25-30	7	46.9	22	35.5
	31-35	3	20.1	9	14.5
	36-40	1	6.6	5	8.00
	Above 40	-	-	0	-
	Total	15	100	62	100
3	<b>Marital States</b>				
	Married	4	26.8	20	67.7
	Single	11	73.3	42	32.3
	Total	15	100	62	100
4	<b>Qualification</b>				
	12+2	-	-	0	-
	BSC/BA	13	85.8	51	82.3
	MSC/MBA	2	14.2	11	17.7
	PHD	-	0	0	0
	Total	15	100	62	100
	<b>Length of service year in ERCA at EABO</b>				
	less than 1 year	7	46.2	18	29.0
	1 to 2	4	26.4	24	38.7
	2 to 5	4	26.4	16	25.8
	5 to 10	0	-	4	6.5
	More than 10	0	-	0	-
	Total	15	100	62	100

Source: Quaternary 2015/16

Table 4.2 shows the breakdown of the sample respondents selected from the ex-employees and current employees of ERCA at EABO in terms of sex composition, age range, marital status, educational qualification and length of service.

As indicated in table 4.2, 9(59.4) percent of ex-employees respondents are males whereas females are 6(39.6) percent. This implies that the majority of the ex-employees are males who have interest of resignation than that of females. It indicates about sex status of respondents, 36(58.1%) of current employees are males and 26(41.9%) are females. Based on the data, majority of respondents of current employees working at ERCA EABO are males than female. But when we see the overall data of the organization female workers are proportional to that of male.

As shown in table 4.2, 4(26.8) percent of ex-employees respondents are in the age below 25, between 25 and 30, 7(46.9%) between 31 and 35 3(20.1%) and between 36 and 40 1(6.6); percent. The majority of ex-employees respondents 7(46.9%) percent are between 25 and 30 age group. In the same table age group of ERCA at EABO among current employees are below age group of 30 years and some are above 36 years. Therefore, almost 75% of current employees of the organization are between age group of below 30 years. So, majority of respondents of current employees are young and energetic professionals. Therefore age is consistently and negatively related to turnover. Younger employees are more likely to resign than older employees. The data shows majority of the respondents are young and hence more probability of turnover.

As shown in table 4.2 majority of terminated employees are 11 single that is 72.6% of respondents from ex-employees are single whereas 4(26.4) percent are married. As indicated in the same table summarizes concerning material status of respondents 67.7% of respondents working currently at ERCA of EABO are single where as 32.3% are married. The overall figure shows 42(67.7%) and 32(32.3%) respondents are single and married respectively. So, it can be possible to generalize based on the respondents response obtained employees of the organization are mostly single. Being single may cause mobility of professional employees in the organization.

As indicated in table 4.2 of above table, 85.8 percent of ex-employees respondents were qualified at first degree level and 13.2 percent of ex-employees are qualified at second degree level. This indicates that almost all of the respondents are first degree graduates of college and universities. The same table shows concerning the qualification of respondents who are currently working in the organization about 51 (82.3%), 11 (17.7%), of respondents are first degree level qualification and second degree or masters degree holders respectively. Depending on respondents response, one can conclude most

employees of the organization are qualified in first degree level.

With regard to the item in the above table of 4.2 summarizes about tenure, of the respondents in the organization served, ex-employees of the organization served for use than one year 7(46.2) and 2-5 years of service which accounts 26.4 percent while, 26.4 of ex-employees served for 1 to 2 years. Therefore, it is possible to generalize that almost all ex-employees of the organization served for less than five years. The result from the above table indicates respondents service year, 18(29.0%), 24(38.7%), 16(25.8%) and 4(6.5%) of respondents served the organization for less than one year, one to two years, two to five years and five to ten years respectively. As respondents responded most of respondents of current employees served the organization for less than five years.

As shown in table 4.3, 4(26.8) percent of ex-employees respondents are in the age below 25, between 25 and 30, 7(46.9%) between 31 and 35 3(20.1%) and between 36 and 40 1(6.6); percent.

**Table 4.3 Respondent's reaction on what they gained, consideration of qualification and expiries and the conduciveness of working environment.**

No	Item	Sample	Response	Response categories				
				1	2	3	4	5
1	Nothing you gained While you were at ERCA at EABO	15	F	7	5	3	0	0
			%	46.7	33.3	20.0		
2	No consideration of qualification and experience	15	F	5	7	3	0	0
			%	33.3	46.7	20.0		
3	Working environment was not conducive	15	F	5	9	1	0	0
			%	33.3	60.0	6.7		

Source: questionnaire, 2015/16

Regarding consideration of qualification and experience for promotion, 7(46.7%), 5(33.3%), 3(20.0) percent respectively responded as" strongly agree", " agree", and" neutral". To sum up, there were no considerations of qualification and experience for promotion. So, most ex-employees responded as the organization had no practice of considering qualification and experience for promotion. When considering experience that they obtained

while they were at ERCA at EABO, most of them had not any experience due to mismatch between their qualification and portion in which they were placed. According to the respondents 5(33.3) percent "strongly agree" about no gain of experience and also 7(46.7) percent responded as they had not gained experience and 3(20.0) percent has "neutral" towards mismatch between the two variables. With regard to conduciveness of working environment, 9(60.0) percent of respondents of ex-employees" agree" in working environment of the organization was no conductive, 5(33.3) percent also strongly agree in the un favorability of the organization's working environment, whereas, 1(6.7), percent responded as they are "neutral" in un favorability of the organization's working environment.

**Table 4.4 Respondent view on whether they left because of mismatch between there qualification and the job requirement.**

No	Item	Sample	Response	Response categories				
				1	2	3	4	5
1	You left the organization because your qualification did not match your position	15	F	0	4	4	7	0
			%		26.7	26.7	46.6	
2	If you were at managerial position you didn't leave the organization.	15	F	0	3	5	7	0
		%		20	33.4	46.6		

Source: questionnaire, 2015/16

As indicated in table 4.4 of item 1 summarizes, employees left the organization due to the cause of qualification and their positions mismatch. As shown 4(26.7), 4(26.7) and 7(46.6) percent respectively responded as "agree", "neutral" and "disagree". From the data most of respondents left the organization is due to mismatch of qualification and position. Therefore, it is possible to generalize that, some of the employees left the organization because of mismatch between this qualification and in which they were hold in the position. So, mismatch between qualification and position cause resignation of the employees.

Regarding position particularly managerial and non-managerial as a means to resign, the ex-employees responded as 3(20%), 5(33.4%) and 7(46.6%) percent respectively responded "agrees", "neutral", and "disagree". This indicates, whether they were at managerial position,

they would not like to stay in the organization. Based on the data one can concluded that employees left the organization not due position they hold were lower level, managerial position or expertise position.

**Table 4.5 Respondents views whither they have sense of belongingness, freedom given to the organization and weather disciplinary innovation, interpersonal relationship in measures were laid down properly.**

No	Item	Sample	Response	Response categories				
				1	2	3	4	5
1	You had no sense of belonging to the organization	15	F	2	6	5	2	0
			%	13.3	40.0	33.3	13.3	
2	The organization hadn't given freedom for innovative thinking	15	F	5	7	2	1	0
			%	33.3	46.7	13.3	6.7	
3	Inter personal relationship was poor in the organization	15	F	7	6	2	0	0
			%	46.7	40.0	13.3		
4	Disciplinary measures of ERCA at EABO were not properly laid down	15	F	6	8	1	0	0
			%	40.0	53.3	6.7		

Source: questionnaire, 2015/16

As shown in table 4.5 above summarizes for item 1, most respondents of ex-employees agree and disagree as they had no sense of belonging to their ex-organization, which accounts as 2(13.3%), 6(40.0%), 5(33.3%), 2(13.3) percent respectively "strongly agree", "agree", "neutral", and "disagree" as if they had sense of belonging to their ex-organization. Based on the data obtained from respondents of ex-employees of the organization some had neutral, where as some had no sense of belongingness while they were at ERCA of EABO.

As item 2 of the same table depicts, concerning provision of freedom for innovative thinking, 5(33.3%), 7(46.7%), 2(13.3%) and 1(6.7%) respectively shows respondents "strongly agree", "agree", "neutral", and "disagree" extent of respondents. As indicated from the table, most respondents responded as the organization hadn't given to ex-employees freedom of innovative thinking few of respondents as they were neutral and few also responded as the organization was provided them freedom of innovative thinking. Based on

response of respondents 80% of respondents strongly agree and agree as the organization had not given them freedom of innovative thinking.

From the same table item 3 summarizes about interpersonal relationship of employees, 7 (46.7%), 6(40.0%) and 2(13.3) percent respectively responded "strongly agree" "agree" and "neutral" for poor interpersonal relationship in the organization before they left the organization. So, one can generalize or conclude that, there was poor interpersonal relationship between employees of the organization.

When asked extent of agree or disagree level of ex-employees the response from the same table of item and summarizes about disciplinary measurement handling mechanisms 6(40.0) percent responded as they are "strongly agree" for in appropriateness disciplinary procedures laid down, 8(53.3) percent "agree" as disciplinary measures were not also properly laid down and 1(6.7) percent responded as they are neutral for inappropriate and impartiality of ways of disciplinary handling mechanisms. Based on the data most ex-employees of the organization agree in unfairness of disciplinary measurement mechanisms of the organization while they were working at ERCA of EABO.

**Table 4.6 Respondents opinion on the issues related to the behavior of their managers**

No	Item	Sample	Response	Response categories				
				1	2	3	4	5
1	Supervisors were rigid at ERCA EABO	15	F	8	5	1	1	0
			%	53.3	33.3	6.7	6.7	
2	There were no good relationship between management and employees	15	F	5	6	3	1	0
			%	33.3	40.0	20.0	6.7	

Source: questionnaire, 2015/16

As shown in table 4.6 to what extent respondents agree or disagree about supervision rigidity of ERCA at EABO 8(53.3) percent strongly" agree" in the rigidity of supervisors at the organization,5(33.3) percent agreed that supervisors of ERCA at EABO were rigid, on the other hand, few of respondents, 1(6.7), 1(6.7) percent respondents responded as they are "neutral", and "disagree" in the rigidity of supervisors while they were at the ex-organization. In the same table of item 2 shows about extent of agree or disagree for poor relationship

among management and employees at ERCA of EABO, ex-employees responded as they "agree" in poor relation 6(40.0) others 5(33.3), 3(20.0) and 1(6.7) percent responded as they are "strongly agree", "neutral" and "disagree" for poor relationship found between management and employees. Therefore, one can conclude based on ex-employees response, as then were poor management employees' relationships at the organization.

**Table 4.7 Respondents views on agreement in training and development in the organization ERCA at EABO.**

No	Item	Sample	Response	Response categories				
				1	2	3	4	5
1	There was good training and development at ERCA of EABO	15	F	0	2	3	8	2
			%		13.3	20.0	53.3	13.3

Source: questionnaire, 2015/16.

As table 4.12 shows respondents extent of good training and development practice of ERCA at EABO, the data indicates, most of ex-employees of the organization responded that they are disagree in good training and development practice of their ex-organization. While 2(13.3%), 3(20.0%), 8(53.3%) and 2(13.3%) respectively "agree", "neutral", "disagree", and "strongly disagree" in good training and development practice while they were working at ERCA of EABO. Based on the data, it is possible to say that most ex-employees of the organization perceived as they had not got a good training and development practice while they were working at their ex-organization.

**Table 4-8 Respondents responses on what forces them to stay with the organization.**

No	Item	Sample	Response	Response categories				
				1	2	3	4	5
1	The organization is committed to provide everything you need	62	F	0	0	12	44	6
			%			19.4	70.9	9.7
2	Salary scale and other benefit package made you to stay in the organization.	62	F	0	0	15	42	5
			%			24.2	67.8	8.0
3	Financial issues attractiveness made you to stay at ERCA of EABO	62	F	6	4	34	18	0
			%	9.7	6.5	54.8	29.0	
4	Promotion bases performance	62	F	8	10		22	0
			%	12.9	16.1	35.5	35.5	
5	The organization provides good terminal benefit and position.	62	F	4	12	20	26	0
			%	6.5	19.4	32.2	41.9	
6	Management of the organization providing you chance for career advancement.	62	F	7	12	20	23	0
			%	11.3	19.4	32.3	37.0	
7	Future hope of getting better benefit made you to stay at the organization	62	F	6	16	19	20	1
			%	9.7	25.8	30.6	32.3	1.6

Source: questionnaire, 2015/16

As table 4.8 item 1 summarizes what extent of respondents "agree" not for the provision of organization in providing everything they need, 70.9% and 19.4 percent claimed to "disagree" and "neutral" respectively. Whereas 9.7% of respondents responded as they "strongly disagree" in provision of organization everything they need. Based on this response, it can be generalized as the organization is not providing for employees everything they need for performing their jobs.

In the same table of item 2 indicates on level of agree or disagree of employees in the organization's good salary scale and other benefit packages almost 2/3 percent of the respondents said they "disagree" in the organization's good salary and other benefit packages. In the other case, 24.2 and 8.0 percent of respondents responded as they are "neutral" and "strongly disagree" in good salary scale and benefit package of the organization respectively



therefore according to the respondent's salary scale and other benefit package of the organization is not attractive.

Concerning the overall financial issues attractiveness as it is indicated in the same table of item 3, 29.0 percent of respondents were are currently working at ERCA of EABO perceived it as not attractive; 9.7, 6.5 and 54.8 percent of employees responded as they are "strongly agree" in the attractiveness of the whole financial issues, "agree" and "neutral" in the attractiveness of financial issues of the organization respectively. To sum up, for most employees of the organization, the overall financial issues attractiveness is low. So, employees are not stayed in the organization based on attractiveness of the financial issues of the organization. With regard to respondents level of agree or disagree for performance as a base of promotion, 6.3, 16.7, 37.5 and 39 percent of respondents as they "agree" for the organization is promoting the employees based on performance, "neutral" "disagree", and "strongly disagree" for promotion in the organization is based on performance respectively. This data shows individual respondents way of evaluating as if management of the organization is using performance as a measure of performance is indifferent for most employees of the organization.

While asked respondents about the overall organization's good provision of terminal benefit and pension payment, their extent of agree and disagree in the good provision of terminal benefit and pension is the same present of respondents for "neutral" and "disagree" 35.5 and 12.9 and 16.1 percent are "strongly agree" and "agree". 6.5%,19.4%,32.2% and 41.9 percent of the respondents responded us they "strongly agree" in provision of terminal and pension benefit, "agree" "neutral" and "disagree" in good provision of terminal and pension payment of the organization in the same issue respectively. This response shows respondents are not feeling good in terminal and pension benefits; which accounts for 41.9 percent of employees perceive it as not attractive. As table 4.8 of item 6 indicates management the organization's provision of chance for career development, the respondent extent in agree or not for the organization is providing chance for career advancement, 11.3%, 19.4%, 32.3%, and 37.0 percent of respondents responded as "strongly agree" in provision of chance for career development, "agree" "natural" and disagree" because the organization, is not yet giving chance for the development of career. This data indicates all employees of the organization consider the willingness of organization in giving chance for career development is different. Therefore, it is not possible to say the organization has arranged chance of career development; it depends on individual employee perception.

For the item that summarizes on the respondents extent of agree or disagree that employees motivated to stay at the organization due to this future hope of getting better benefits, 9.7, 25.8, 30.6, 32.3 and 1.6 percent of respondents said that they agree "strongly agree" in this stay in the organization for the hope of getting better benefits in the future, "agree" in the issues "neutral" "disagree" because they are not working and stayed at the organization in hope of getting future better benefits, and "strongly disagree" respectively. The data shows some employees have hope of getting better benefits in the future which made them to stay at the organization, whereas, others have no hope of getting future better benefit that made turn to stay at the organization.

**Table 4-9 Respondents responses on other job alternative.**

No	Item	Sample	Response	Response category				
				1	2	3	4	5
1	You stayed at ERCA of EABO because you have no other job opportunity	62	F	14	32	10	6	0
			%	22.6	51.6	16.1	9.7	

*Source: questionnaire, 2015/16.*

As shown in table 4.9, to what extent the respondents agree or disagree for staying at ERCA of EABO because of they have no other job opportunities, 22.6%, 51.6%, 16.1% and 9.7 percent of respondents responded "strongly agree" because they have no other job opportunity that made them to stay at the organization, "agree", "neutral", and "disagree" respectively. From this data one can say almost about half of respondents stayed in the organization is due to lack of other job opportunities. This implies, if they get in the future alternative job, the will resign from the organization.

**Table 4.10 Respondents extent of agree or disagree for job match contribution for turnover**

No	Item	Sample	Response	Response categories				
				1	2	3	4	5
1	Your position matches With the skill and knowledge You have.	62	F	0	15	13	29	5
			%		24.2	20.9	46.8	8.0
2	Whether you are managerial or non-managerial position you don't want to leave ERCA at EABO	62	F	0	12	17	29	4
			%		19.3	27.4	46.8	6.5

Source: questionnaire, 2015/16.

As shown in table 4.10 of item 1, to what extent the respondents skill and knowledge requirements matches with the job position they hold, 24.2%, 20.9%, 46.8%, and 8.0 percent of respondents responded as they "agree" with match between their skill with the job and position they hold, "neutral", "disagree" because their skill and knowledge does not match with their job, and "strongly disagree" respectively. This indicates majority employees of the organization are working in the positions that do not match with their skill and knowledge. Therefore, this mismatch may lead to termination of employees as well as performing below expectation.

In relation to table 4.20 of item 2, when respondents are asked about to what extent they agree or not that whether they are at managerial or non-managerial position they want to leave the organization, 19.3%, 27.4%, 46.8% and 6.5 percent of respondents "agree" in leaving the organization in whatever position they hold, "neutral" "disagree" which shows if they are at good and managerial or not they do not want to leave the organization and "strongly disagree" in leaving the organization based on position they hold. So, based on the data from respondents, employees have different idea to leave the organization by assuming or position as a cause of termination.

**Table 4.11. Respondents responses on employees and supervisors relationship in the organization**

No	Item	Sample	Response	Response categories				
				1	2	3	4	5
1	ERCA at EABO changed the way organization run.	62	F	7	34	18	3	0
			%	11.3	54.8	29.0	4.9	
2	There are employees representative in the organization	62	F	0	8	10	30	14
			%		12.9	16.1	48.4	22.6
3	Employees sense of belongingness to the organization	62	F	7	12	14	26	3
			%	11.3	19.4	22.6	41.9	4.8
4	Freedom of innovative thinking	62	F	0	8	12	18	24
			%		12.9	19.4	29.0	38.7
5	Interpersonal relation in the organization is better than other public organizations	62	F	7	18	23	12	2
			%	11.3	29.0	37.1	19.4	3.2
6	Fairness of disciplinary measures	62	F	0	4	15	34	9
			%		6.5	24.2	54.8	14.5
7	Impartiality of ERCA at EABO for over all benefits	62	F	4	8	14	26	10
			%	6.5	12.9	22.6	41.9	16.1
8	Working environment Conduciveness	62	F	5	15	28	14	0
			%	8.0	24.2	45.2	22.6	
9	Awareness of management and employees about turnover of Employees	62	F	28	20	8	6	0
			%	45.2	32.2	12.9	9.7	
10	Supervision requirement and commitment of employees for supervising employees	62	F	4	10	28	14	6
			%	6.5	16.1	45.2	22.6	9.7

Source: questionnaire, 2015/16

As shown in table 4.11 of above table, when respondents were asked about this extent of agree or disagree for the organization charged the way it runs, 11.3%, 54.8%, 29.0% and 4.9 percent of respondents responded as "strongly agree" for ERCA at EABO change of the way organization run, "agree", "neutral", and "disagree" respectively. From the above data obtained, it can be generalized as respondents of the organization, have agreed in change how organization is running its activities. So, ERCA of EABO is not running its operational as previous, rather changed the way it runs its operation.

For item 2 in the same table, when respondents are asked about the presence of employees representatives in the organization, 12.9%, 16.1%, 48.4% and 22.6 percent of respondents responded as "agree" in the presence of employees representatives in the organization, "neutral", "disagree" and "strongly disagree" for presence of employees representatives in the organization. Based on the response from respondents it is possible to conclude that there is no employee representative in the organization. This absence of employee's representative could lead to turnover of employees, because management can undertake any decision and absence of employee's representative in the organization contribute employees to not feel belongingness to the organization.

As indicated in table 4.11 of item 3, when employees of the organization are asked about their level of agree or disagree for employees sense of belongingness to their organization, 11.3%, 19.4%, 22.6%, 41.9%, and 4.8 percent of employees responded as "strongly agree" for their sense of belongingness to their organization "agree" in belonging to the organization "neutral", "disagree" and "strongly disagree" in their sense to belongings to the organization. From the above data most of employees of the organization have no sense of belongingness to the organization. Based on it can generalized as employees of the organization have no interest to belong in it and want to terminate.

In the same table of item 4, summarizes, when respondents are asked about the extent of agree or disagree in organization's provision of freedom for innovative thinking, 12.9%, 19.4%, 29.0%, and 38.7 percent of employees responded as they "agree" in the organization's provision of innovative thinking freedom, "neutral", "disagree" and "strongly disagree" in the provision freedom for innovative thinking respectively. Therefore, the data obtained shows the organizations do not provide them freedom of innovative thinking for its employees. If the problem continuous, professional and skilled employees who have interest on innovative thinking will terminate from the organization. Concerning the extent of

employees agree or disagree in the good interpersonal relationship of the organization relative to other similar public organizations, 11.3%, 29.0%, 37.1%, 19.4%, and 3.2 percent of respondents "strongly agree", "agree", "neutral", "disagree", and "strongly disagree" in the presence of good interpersonal relationship found in the organization respectively.

As it is indicated in item 6 of the same table, when employees are asked about the extent of employees agree or not for fairness of disciplinary measures taken by the organization, 6.5%, 24.2%, 54.8%, and 14.5 percent of respondents said as, "agree" in the fairness of disciplinary measures of the organization, "neutral" "disagree", and "strongly disagree" in the fairness of disciplinary measures undertaken by the organization. Therefore, most employees of the organization feel that the organization is not treating employees of the organization fairly. This could directly affect employees to not stay in the organization.

In table 4.11 of item 7, indicates, when employees of the organization are asked about the level of agree or disagree in the organization's impartiality in the overall benefit of the organization, 6.5%, 12.9%, 22.6%, 41.9%, and 16.1 percent of respondents said as "strongly agree", in impartiality of the organization while providing them overall benefits, "agree", "neutral", "disagree", and "strongly disagree" for impartiality of the organization. These shows, most employees of the organization are not equally benefited from the organization's resources as well as overall benefits it provides for its employees. Data obtained indicates all employees of the organization are not obtaining equal share of benefits; which may contribute for resignation of employees who feel that they are not sharing equally the organization's benefit.

For item 8 of table 4.11, when employees level of agree or disagree for conducive working environments of the organization, 8.0%, 24.2%, 45.2%, and 22.6 percent of respondents responded as "strongly agree" in the presence of conducive working environment "agree", "neutral", and "disagree" in conducive environment of the organization respectively. Depending on the data, some of the employees feel that the working environment of ERCA at EABO is conducive, 45% of employees responded as they are neutral in conducive working environment of the organization; some employees said that as they are disagree in smooth working environment of the organization. If employees of the organization says no conducive working environment, the level of termination in the organization will increase.

Regarding the awareness of management and employees concerning turnover employees in the organization as it was indicated in item 9 of table 4.11, the respondents extent agree or disagree, 45.2%, 32.2%, 12.9% and 9.7 percent of respondents said they are "strongly agree" in the awareness of management and employees about turnover of employees of the organization, "agree", "neutral" and "disagree" in the awareness of management and employees about turnover of organization's employees. This indicates most employees as well as management of the organization is aware of mobility of skilled manpower. Based on this data the organization should come up with retention mechanisms in order to attain the mission of the organization.

As shown in table 4.11 of item 10 summarizes about respondents extent of agree or disagree in the organizations' supervisory requirement for employees commitment for their performing their tasks, they responded as 6.5%, 16.1%, 45.2%, 22.6%, and 9.7 percent of respondents responded as "strongly agree" in the presence of supervision for commitment of employees, "agree", "neutral", "disagree", and "strongly disagree" respectively. This indicates, most employees of the organization are neutral for need of supervisions for commitment of employees. But others responded as no need of supervisors for employee's commitment and few of them responded in the presence of supervisors for employee's commitment to the organization.

**Table 4.12. Respondents opinion on the behavior of their managers.**

No	Item	Sample	Response	Response categories				
				1	2	3	4	5
1	Supervisors arranged flexible working environment or Condition	62	F	7	12	26	10	7
			%	11.3	19.4	41.9	16.1	11.3
2	The organization's higher officials allowed in decision making	62	F	0	14	16	28	4
			%		22.6	25.7	45.2	6.5
3	The overall relation management between management and employees	62	F	0	7	18	32	5
			%		11.3	29.0	51.7	8.0

Source: questionnaire, 2015/16.

As it was indicated in the above table of 4.12 item 1, when employees are asked about their extent of agree or disagree for their supervisors arranged flexible to working condition for their subordinates, 11.3%, 119.4%, 41.9%, 16.1% and 11.3 percent of respondents responded as "strongly agree" in their supervisors arrangement of a flexible working environment for employees of the organization, "agree", "neutral", "disagree", and "strongly disagree" in the arrangement of supervisors flexible working condition for employees. The overall data from respondent's shows, most employees of the organization are neutral at the absence of flexible working condition arranged by their supervisors of the organization.

Item 2 of the same table indicates, respondents extent of agree or disagree in management permit of employees to participate in decision making process, 22.6%, 25.7%, 45.2%, and 6.5 percent of respondents responded as they "agree" in management allow of employees to participate in decision making, "neutral", "disagree", and "strongly disagree" that management of the organization do not allowed employees participate in decision making. Therefore, from the above data, most of the respondents assume as management do not allow them to participate in the decision making process of the organization.

Concerning the overall relationship between management and employees relationship, as it was indicated in the above table of item 3, when the issue, 11.3%, 29.0%, 51.7% and 8.0 percent of respondents responded as "agree" in good relationship between organization's management and employees; "neutral", "disagree", and "strongly disagree" in smooth relationship found among employees and management of the organization. So, the data obtained enforce to say more than 50 percent of employees have no harmonious relationship with management of the organization and contribute for termination of potential and skilled manpower.

**Table 4.13 Respondents view on the quality of training and development organized by ERCA at EABO.**

No	Item	Sample	Response	Response categories				
				1	2	3	4	5
1	Training and development program of ERCA at EABO is better to other similar public sector organization	62	F	4	16	20	18	4
			%	6.5	25.8	32.2	29.0	6.5

**Source: questionnaire, 2015/16.**



As it is shown in the table above 4.13 when the respondents of employees are asked about the extent of agree or disagree in better provision of training and development practice of ERCA at EABO; respondents responded as 6.5%, 25.8%, 32.2%, 29.0% and 6.5 percent "strongly agree" that the organization practicing good training and development, "agree", "neutral", "disagree" and "strongly disagree" because there is good training and development mechanism given to employees respectively. So, the data obtained indicates, some of the respondents responded in good training and development practice of the organization. While some argued in absence of these practice. Therefore, here we see that the training activity of the organization takes place in some departments.

## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

This study concerns to determine the causes of employee turnover and what retention mechanism takes in the management of the organization. In order to reduce the rate of turnover in organizations, the present study sought to identify motivational variables that managers could use in order to influence employees retention. Frequent employees turnover is costly to organizations and destructive to the attainment of organizational goals. Many organizations are been able to identify properly the real reason or reasons that lead to key employees to leave. Most managers believe that increasing financial benefits of employees would motivate them to remain while others provide attractive working environment as a retention strategy. The present study therefore, sought to determine the extent to which selected motivational variables which are combinations intrinsic and extrinsic variables were being applied and were influencing employees' decision to remain or quit an organization.

#### 5.1. Summary of findings

- Most of the current employee respondents are male and below the age of 35, single, qualified above BA/BSC, and has been in the organization less than 5 years. Likewise ex-employee respondents are found to be male, age group of below 30, single, qualified above BA/BSC and had been in the organization for less than 2 years. Management of the organization is aware of skilled manpower turnover that the organization is facing.
- Most current employees believe that when their age increases they do not want to stay in the organization.
- Most respondents believed and responded as, when their level of qualification increases their chance of working in the organization decreases, this indicates us the workers of the organization boarded towards their work.
- Employees of the organization gained valuable working experience due to the chance they obtained to work at the organization.
- For most of the current employees qualification and experience are not considered to promote them.

- When we see the respondent answer management of the organization is not committed to provide everything that employee's need for doing their work.
- According to the respondent answer the salary of the organization has not such attractive which motivate employees to stay at ERCA of EABO.
- Management of the organization is not providing employees different positions based on their performance.
- Terminal and pension benefits of the organization are not in satisfying employees of the organization.
- Management of the organization is not providing clear path for employees to advance their career in the position they hold.
- Employees of the organization have no future hope of getting better benefits from the organization.
- Most of the respondents says they stayed in the organization because they do not have other employment alternative with the position they hold.
- Most of the employees at the organization clearly identified the mismatch between the positions they hold and the skill and knowledge they have.
- Most of the respondents believe that the organization should be changed the way the organization could run.
- The organization has no formal employee's representative to protect them from unifier management decision.
- Most employees of the organization have no sense of belongingness to the organization so that if they got other employment opportunity they live the organization without any precondition.
- Interpersonal relationship in the organization is not such attractive so that a team work has missing.
- Most of the respondents argue that disciplinary measures of the organization are not properly laid dawn.
- Most of the respondents fill that Management of the organization is not impartial for the overall benefits of the organization.
- Supervisors of employees have not arranged flexible working condition to the mass workers to apply their creativity and potential.
- Most of the respondent's says that higher officials of the organization do not allowed employees to participate in decision making activities.

- Training and development practice of the organization are not attractive and not better than other similar sectors and some of the training are concentrated in few departments of the organization. Ex-employees gained nothing while they were at ERCA of EABO.
- Most ex-employees of the organization do not believe in conducive working environment of the organization.
- Most of the ex-employees agree on that they left the organization because low salary scale and other benefit packages. Still most of them says that the organization had not provided good terminal benefits and pension for its ex- employees.
- Most of the organization ex- employees believe in that the position they held and the skill they had made also them to leave the organization.
- Most of the Ex-employees did not have sense of belongingness to the organization while they were in the organization.
- Most of the Ex-employees believe in poor interpersonal relation of the organization.

## 5.2. Conclusions

The researcher has made an attempt to identify major sources of professional employees' turnover at Ethiopian Revenues and Customs Authority Eastern Addis Ababa Branch Office. A combination of quantitative and qualitative data was used to conduct this study which employed data collection techniques like questionnaires and interview check lists. Both quantitative and qualitative data collected were analyzed by employing analysis techniques of descriptive statistics and qualitative analysis method respectively. Consequently, the findings from the survey and the interviews have been presented. At this point, the researcher comes to a conclusion based on the interpreted results and discussions of findings. Accordingly, the following conclusions are made.

- The compensation system and benefit packages of the organization are not attractive. Hence, most of the employees left the organization and they will leave the organization when they get better offer by the competitors.
- The organization has good trend in providing job descriptions that is matched with professional employees which is actually performed.
- The organization does not give continuous training and development to its employees.
- The employer employee relationship in the ERCA at EABO is not good. Besides, supervisors are not treating and give respects to the employees.
- Since no job security in the organization, employees are leaving it.
- The organization does not give enough recognition for well done work and employees are not appreciated at work.
- There is inequity in the organization during promotion of employees.
- There is unfair employee handling in the organization. Hence, some of the employees are leaving the organization and others are looking for outside opportunities.
- Management of the organization is aware about its experienced and qualified employee's turnover, but has only associated the cause with salaries and benefits packages. Besides, even if the management realizes some of the causes obtained from the exit interview, retention mechanisms as a strategy has not been developed to retain the employees so far.
- From the employees' side as they agreed in the response career development is rated as a significant element and training is not targeted and specific to the needs of them. Hence, lack of career development is one of the elements most likely to encourage employees' decision to leave the organization as many employees look for some growth and development opportunities and lack of training that is specific to the needs of the employee will result in frustration that leads to turnover, too.

### 5.3. Recommendations

In the light of the above conclusions, the following discussion explores the recommendations considered important for the organization to retain its experienced and qualified employees.

- ❖ Since the management of the organization is aware of skilled manpower turnover, it could strongly work on retention mechanisms like encourage employees to participate in decision making, arrange good working environment, giving promotions, sharing benefits based on their performance, giving clear path for career advancement, could still work on good training and development mechanisms etc
- ❖ Advancement and promotion are the prime reason why many professional employees leave the company. Due to no potential opportunity for advancements or promotions, employees prefer other companies which may provide them with higher posts and increased compensation packages. So, career development is the most important retention factor since offering good opportunities for career development not only prevents employees from leaving the organization but it also contributes in a positive way to their loyalty to the organization. Since the aim of retention policies is not only to retain employees but also to retain employees who are loyal and committed, the HR managers must also put more efforts in retention policies relating to the relationship between managers and supervisors with their subordinates, working environment and job content.
- ❖ As the organization has no formal employees' representative, it is better to have it since it contributes for employees to solve problems they face at working environment.
- ❖ Even though employees believe as their level of qualification increases, their chance of working decreases, the management is better to assign them to different positions based on qualification.
- ❖ The organization should give good terminal benefits and pension for employees.
- ❖ Management of the organization should provide material which is essential for discharging their responsibilities.
- ❖ Management should motivate employees to stay in the organization and convince employees to get in the future better benefits than the current benefit.
- ❖ The management should give power and make them to participate in decision making to make them to feel sense of belongingness to their organization.
- ❖ Management should work towards creating smooth and conducive inter personal relationship since informal group contribute to effectiveness of work carried out by employees of the organization.
- ❖ Supervisors of the organization should work closely with subordinates and arrange flexible working condition to retain employees.

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## Appendix I

### St Mary University

#### Master of business administration

#### Questionnaire to be filled by Employees of Ethiopian Revenues and Customs Authority

#### Eastern Addis Ababa branch office (ERCA EABO)

Dear respondents:-

#### Completion of research question

The aim of this questionnaire is for preparing a thesis on the title of Professional Employees' turnover and its Retention of Ethiopian Revenue and Custom Authority Eastern Addis Ababa branch office (ERCA at EABO).The outcome of the study will be used in order to suggest possible solutions for problems identified while conducting the study. I kindly request you to spent your precious time to fill the questionnaire as frank as and reasonable as possible. I inform you that, the information you provide will be consumed for academic purpose only. The information you provide is confidential. Therefore, you all not expected to write your name.

**Best Regard!**

#### Tick only one box only

#### A. General Background of Respondents (Demographic Information)

1. Your age group  
Below 25  25-30  31-45  36-40  above 40
2. Sex  
Male  Female
3. Marital status  
Married  Single
4. Qualification  
10+2  BSC/BA  PhD   
12+2  MSC/MA
5. Year of service in ERCA  
Less than 1 year  1 to 2 years  2 to 5 year   
5 to 10 years  more than 10 years
6. Year of service in your last position  
Less than 1 year  1 to 2 years  2 to 5 year   
5 to 10 years  10 years and more

**Note Select only one among the options given below**

**1=strongly agree**

**2=Agree**

**3= Neutral**

**4= Disagree**

**5= strongly disagree**

**B. Items concerning turnover of employees and retention mechanisms**

No	Demographic factor questions	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
		1	2	3	4	5
1	As your age increase your chance of staying in the office increases.					
2	Organization is committed to provide you everything you need.					
3	As your level of qualification increases commitment and level of stay increases.					
	<b>Benefit and salary package questions</b>					
4	You were motivated to Join ERCA for gain of experience.					
5	be Salary scale and other benefits motivated you to stay in ERCA.					
6	You stayed in ERCA because you don't have other job.					
7	Financial issues of ERCA motivated you to stay in the position.					
8	You are working with the skill you have with the position in which you are placed					
9	ERCA had changes to the way organization is run.					
10	There are employees representatives in the organization.					
11	You have sense of belonging to the Organization.					
12	You have freedom of innovative thinking and the organization motivates you.					
13	Your supervisors arranged you flexible working condition					
14	The organizations provided you to					

	different positions on your performance.					
15	The organizations higher officials allowed you to participate in decision making.					
16	Interpersonal relation of the organization is better relative to other public organizations.					
17	Organization is providing good terminal benefit or pension.					
18	Qualification and experience are considered to promoting employees.					
19	The relation between managers and employees is good at ERCA.					
20	Management has provided a clear path for advancement of career for all employees.					
21	Disciplinary procedures of ERCA are properly laid down.					
22	ERCA is impartial for over all benefits of employees.					
23	Training and development program ERCA is relatively better to other					
24	similar public organizations. Working environment of ERCA is good.					
25	Young professional employees' interest to stay in ERCA is high.					
26	Management and employees have awareness about turnover of the					
27	organization. Since employees of the organization are committed there is no need of supervision.					
28	Your future hope of getting better benefit made you to stay at ERCA					

**Appendix 4**  
**St Mary University**  
**Master of business administration**  
**Questionnaire to be filled by ex- Employees of Ethiopian Revenues and Custom**  
**Authority Eastern Addis Ababa branch office (ERCA EABO)**

**Dear respondents:-**

**Completion of research question:**

The aim of this questionnaire is for preparing a thesis on the title of Professional Employees' turnover and its Retention of Ethiopian Revenue and Custom Authority Eastern Addis Ababa branch office (ERCA at EABO).The outcome of the study will be used in order to suggest possible solutions for problems identified while conducting the study. I kindly request you to spent your precious time to fill the questionnaire as frank as and reasonable as possible. I inform you that, the information you provide will be consumed for academic purpose only. The information you provide is confidential. Therefore, you are not expected to write your name.

**Best Regard!**

**Tick only one box only**

**A. General Background of Respondents (Demographic Information)**

1. Your age group  
Below 25  25-30  31-35  36-40  above 40
2. Sex  
Male  Female
3. Marital status  
Married  Single
4. Qualification  
10+2  BSC/BA  PhD   
12+2  MSC/MA
5. Year of service in ERCA at EABO  
Less than 1 year  1 to 2 years  2 to 5 year   
5 to 10 years  more than 10 years
6. Year of service in your last position  
Less than 1 year  1 to 2 years  2 to 5 year   
5 to 10 years  10 years and more

**Note Select only one among the options given below**

**1=strongly agree**

**2=Agree**

**3= Neutral**

**4= Disagree**

**5= strongly disagree**

**D. Items concerning the overall intentions that made ex- employees to leave the Organization**

<b>Incentive and benefit package</b>						
no	Questions	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
		1	2	3	4	5
1	I left ERCA due to its incentive and salary package is low.					
2	I left the organization because it doesn't provide everything you need for performing your job.					
3	I left the organization because your qualification does not meet the requirement.					
4	Nothing you gained while you were working in ERCA.					
5	I left ERCA because of other job you got.					
6	ERCA is not perceived as the organization in which you sense belongingness.					
7	No freedom had given for innovative thinking .					
8	Supervisors were rigid at ERCA.					
9	There was no promotion mechanism based on performance.					
10	Interpersonal relation between organization employees was poor.					
11	Terminal benefit pension of the organization was good.					
12	Qualification and experience were not considered at ERCA.					
13	There was no good relationship between manages and employees.					
14	Disciplinary measures of ERCA were not properly laid down.					
15	ERCA was not impartial for					

	overall benefits of employs.
16	Working environment of ERCA was not attractive.
17	There was no good training and development practice at ERCA.
18	Position you held made you to leave the organization.

### **Appendix 3**

#### **INTERVIW**

##### **Interview questions to human resource department Management**

1. Is management aware about employee mover of the organization?
2. What is your view regarding reasons for turnover of employees?
3. What costs the organization in cur due to turnover?
4. What retention mechanisms the organization made to proactively retain existing employees?
5. What is the view of current employees to stay in the organization?
6. Do all employees aware about turnover of the organization?



## **DECLARATION**

I hereby declare that this research is my own work towards the Masters of Business Administration that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University.

Bewketu Kebede

Signature \_\_\_\_\_

Date \_\_\_\_\_

## ENDORSEMENT

This research project has been submitted for examination with my appropriate approval as university advisor.

Goitom Abrham (assistant professor)

Signature \_\_\_\_\_

Date \_\_\_\_\_